The Public Schools
Finance Board

Annual Report
The Year Ended June 30, 2007

Manitoba

MINISTER OF EDUCATION, CITIZENSHIP AND YOUTH

Room 168
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

His Honour the Honourable John Harvard, P.C., O.M.
Lieutenant-Governor of Manitoba

Your Honour:

I present herewith the annual report of the Public Schools Finance Board for the fiscal year ending June 30, 2007.

Sincerely,

Honourable Peter Bjornson

Manitoba

Deputy Minister of Education, Citizenship and Youth
Room 156
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

December 17, 2007

Honourable Peter Bjornson
Minister of Education, Citizenship and Youth
168 Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Dear Sir:

Pursuant to Section 13 of The Public Schools Finance Board Act, on behalf of The Public Schools Finance Board, I have the honour of submitting the attached document for your review and consideration.

This annual report of The Public Schools Finance Board is for a twelve-month period ending June 30, 2007.

Yours sincerely,

Gerald Farthing
Chair
Public Schools Finance Board

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the statement of financial position of The Public Schools Finance Board as at June 30, 2007, and the statement of revenue and expenditure and education support fund and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2007, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
November 9, 2007

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
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PUBLIC SCHOOLS FINANCE BOARD

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to November 9, 2007. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information. These internal controls also provide for the safeguarding of the Board's assets.

The responsibility of the Auditor General and her staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Board has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On Behalf of Management

Steve Power, CMA

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Financial Position
As at June 30, 2007

	2007	2006
	(in thousands of dollars)	
Assets		
Cash	$ 1,314	$ 1,539
Funds on deposit with the Province of Manitoba	17	204
Accounts receivable:		
Province of Manitoba	7,536	12,170
Municipal corporations - Education Support Levy	74,034	73,257
Other	356	632
	$ 83,257	**$ 87,802**
Liabilities and Education Support Fund		
Support payable to school divisions	$ 3,296	$ 3,548
Accrued interest	1,129	972
Notes payable on demand, at bank prime, Province of Manitoba	75,206	76,219
Other payables	135	198
	79,766	**80,937**
Education Support Fund	**3,491**	**6,865**
	$ 83,257	**$ 87,802**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenses and Education Support Fund for the year ended June 30, 2007

	2007	2006
	(in thousands of dollars)	
Revenue:		
Province of Manitoba - Funding of Schools Program	$ 771,611	$ 726,807
Municipal corporations - Education Support Levy	122,867	131,486
	894,478	**858,293**
Expenses:		
Operational support program (Note 3)	820,933	799,907
Capital support program (Note 4)	73,421	52,166
Administrative and other expenses (Note 5,8)	3,498	2,820
	897,852	**854,893**
Excess (deficiency) of revenue over expenses	**(3,374)**	**3,400**
Education Support Fund		
Balance, beginning of year	6,865	3,465
Balance, end of year	$ **3,491**	$ **6,865**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flow
for the year ended June 30, 2007

	2007	2006
	(in thousands of dollars)	
Cash Flows from Operating Activities:		
Excess (deficiency) of revenue over expenses	$ (3,374)	$ 3,400
Changes in working capital:		
Accounts receivable:		
Province of Manitoba	4,634	(12,170)
Municipal Corporations - Education Support Levy	(777)	13,868
Other	276	(8)
Support payable to school divisions	(252)	(931)
Accrued interest	157	142
Other payables	(63)	15
	601	4,316
Cash Flows from Financing Activities:		
Funds advanced from the Province of Manitoba	-	(1,448)
Notes payable on demand, at bank prime, Province of Manitoba	(1,013)	(2,802)
	(1,013)	(4,250)
Net increase(decrease) in cash	(412)	66
Cash - beginning of year	1,743	1,677
Cash - end of year	**$ 1,331**	**$ 1,743**
Consisting of:		
Cash	$ 1,314	$ 1,539
Funds on deposit with the Province of Manitoba	17	204
	$ 1,331	**$ 1,743**

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2007

1. Nature of the Board's operations

The Public Schools Finance Board was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the capital support program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the operational support program in amounts as determined by the Minister of Education, Citizenship and Youth.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant Accounting Policies

(a) The financial statemements of the Board have been prepared in accordance with Canadian generally accepted accounting principles.

(b) The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 2006 levy to the July to December period and 60% of the 2007 levy to the January to June period.

(c) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(d) The Board's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, accrued liabilities and notes payable. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

3. Operational support program

	2007	2006
	(in thousands of dollars)	
Instructional Support	$ 317,372	$ 316,959
Sparsity Support	11,491	11,754
Curricular Materials	9,362	9,466
Information Technology	6,809	6,885
Library Services	15,660	15,834
Level I - Special Needs	-	46,126
Student Services Grant	61 467	-
Counselling and Guidance	12,434	11,525
Professional Development	6,779	6,437
Occupancy	82,673	81,410
Transportation	40,550	39,574
Board and Room	799	816
Special Needs	84,073	78,255
Senior Years Technology Education	8,252	8,120
English as a Second Language	6,071	4,400
Aboriginal Academic Achievement	6,898	6,957
Heritage Language	226	229
French Language Programs / Instruction	5,900	5,803
Students at Risk	-	12,325
Small Schools	1,822	1,845
Enrolment Change Support	5,259	4,734
Remoteness Allowance	4,833	5,024
Early Behaviour Intervention	-	1,887
Early Childhood Development Initiative	1,443	1,354
Early Literacy Intervention	6,196	6,118
Early Numeracy	847	858
Experiential Learning	552	-
Equalization Support	119,333	110,167
Adjustment of previous years' support to school divisions from estimated to actual	164	576
Amalgamated School Division Guarantee	964	1,383
Miscellaneous (Pipeline)	(88)	(88)
Vocational Equipment Replacement	2,200	2,200
Vocational Equipment Upgrade	592	974
	$ 820,933	**$ 799,907**

4. Capital support program

	2007	2006
	(in thousands of dollars)	
Capital grants:		
Major school construction	$ 67,268	$ 46,409
Minor capital projects	238	336
School buildings "D" support	5,565	5,007
Environmental assistance program	344	386
Air and water quality program	6	28
Total capital support program	**$ 73,421**	**$ 52,166**

5. Administrative and other expenses

	2007	2006
	(in thousands of dollars)	
Board administration:		
Staff salaries	$ 876	$ 805
Service agreement	169	169
Professional services	134	72
Board members' indemnities	-	67
Meetings and travel	20	40
Desktop management	35	49
Rent	40	40
Printing, stationery, postage and supplies	22	20
Telephone and fax	11	10
Professional Development	17	12
Computers, software and minor equipment	42	39
Total board administration Expenses	**1,366**	**1,323**
Interest charges on notes payable to the Province of Manitoba	**2,132**	**1,497**
	$ 3,498	**$ 2,820**

6. Related party transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

7. Pension costs and obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board reflects no provision in the financial statements relating to its participation in the pension plan.

8. Comparative Figures

Certain comparative figures have been reclassified in order to conform with financial statement presentation adopted in the current year.